

Message Text

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APPROVED BY ARA:WDROGERS

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES IMMEDIATE

C O N F I D E N T I A L STATE 218755

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EXDIS

E.O. 11652: GDS

TAGS: PFOR, EFIN, AR

SUBJECT: RESULTS OF CAFIERO MISSION

REF.: BUENOS AIRES 6137

FROM ASSISTANT SECRETARY ROGERS TO AMBASSADOR HILL

1. I AM SURPRISED AND SORRY THAT YOU FEEL YOU HAVE NOT BEEN FULLY INFORMED ON THE RESULTS OF CAFIERO'S MISSION. I CAN ASSURE YOU THAT EVERYTHING OF SUBSTANCE THE DEPARTMENT KNOWS ABOUT THE RESULTS OF HIS TALKS, NOT ONLY WITH USG AGENCIES, BUT ALSO WITH THE IMF AND THE PRIVATE BANKS, HAS BEEN REPORTED TO YOU AS SOON AS WE POSSIBLY COULD--IN ANY CASE, WELL BEFORE YOUR MEETING WITH CAFIERO. NO ONE FROM THE USG WAS PRESENT AT ANY OF THE MEETINGS WITH THE PRIVATE BANKS, OF COURSE, AND IT WAS ONLY ON TUESDAY THAT WE BEGAN TO LEARN SOMETHING DEFINITIVE ABOUT THOSE NEGOTIATIONS.

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2. CAFIERO OBTAINED NO MONEY FROM THE USG. TREASURY HAS

NO AUTHORITY FOR A LOAN AND A SWAP FROM THE EXCHANGE STABILIZATION FUND WOULD REVERSE A LONG-STANDING POLICY AND CREATE SERIOUS DOMESTIC AND INTERNATIONAL PROBLEMS. THE EXIMBANK IS STILL REFRAINING FROM UNDERTAKING ANY NEW COMMITMENTS IN ARGENTINA. HOWEVER, CAFIERO DID RECEIVE A CERTAIN DEGREE OF MORAL SUPPORT. WE PROMISED TO SUPPORT ARGENTINA'S REQUEST FOR ASSISTANCE FROM THE IMF AND TO URGE THE FUND TO BE FLEXIBLE IN MEETING ARGENTINA'S DOMESTIC POLITICAL REQUIREMENTS. AL FISHLOW HAS ALREADY SPOKEN TO THE FUND ALONG THIS LINE. FURTHERMORE, WHILE WE COULD NOT PROMISE TO PRESSURE US BANKS TO EXTEND CREDIT TO ARGENTINA, WE DID PROMISE TO INFORM THE BANKERS THAT ARGENTINA IS REGULARIZING ITS RELATIONS WITH THE IMF AND TO ANSWER THEIR INQUIRIES BY GIVING AS SOUND AN ACTUAL READING OF THE ARGENTINE ECONOMY AS WE CAN.

3. OUR REAL INABILITY TO INFLUENCE THE DECISIONS OF THE COMMERCIAL BANKS REGARDING CREDITS FOR ARGENTINA AND OUR INABILITY TO PROVIDE ANY USG FUNDS PRECLUDED US FROM NEGOTIATING DIRECTLY WITH CAFIERO WITH RESPECT TO OUR INVESTMENT PROBLEMS, OR INDEED, ANY OTHER US OBJECTIVES IN ARGENTINA. THE BEST WE CAN DO FOR THE MOMENT IS TO ASSURE THE ARGENTINES OF OUR SYMPATHY FOR THEIR DIFFICULTIES, TO ATTEMPT TO CONVEY THE IMPRESSION THAT WE ARE SOMEHOW MAKING THIS SYMPATHY KNOWN TO THE BANKS, AND TO GET ACROSS THE IMPRESSION THAT THE ATTITUDE OF THE BANKERS TOWARD ARGENTINA IS INFLUENCED BY THE GENERAL STATE OF US-ARGENTINE RELATIONS AND THE PRESENCE OR ABSENCE OF IMPORTANT BILATERAL PROBLEMS IN THE ECONOMIC FIELD.

4. YOU ASK WHETHER CAFIERO'S CLAIMS, AS REPORTED IN BUENOS AIRES 6137, ARE JUSTIFIED. WE HAVE NOTHING YET TO ADD TO THE INFORMATION GIVEN YOU IN STATE 215465, WHICH DOES NOT CONTRADICT, BUT ADDS SOME SIGNIFICANT CONDITIONS TO CAFIERO'S CLAIMS REGARDING THE COMMERCIAL BANKS AND THE IMF. WE DO NOT YET KNOW WHAT VENEZUELA OR OTHER NATIONS MAY BE WILLING TO DO FOR ARGENTINA, AND WE HAVE NOT YET CHECKED WITH THE IDB OR IBRD REGARDING THE LOANS CAFIERO EXPECTS FROM THEM. THESE, IN ANY
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CASE, WOULD PRESUMABLY BE PROJECT LOANS MATURING OVER THE NEXT FEW YEARS RATHER THAN THE KIND OF FINANCIAL ASSISTANCE CAFIERO SAYS HE NEEDS TO CARRY ARGENTINA THROUGH THE NEXT FIVE OR SIX MONTHS.

5. A MEMCON ON CAFIERO'S MEETING WITH PRESIDENTIAL ADVISER SEIDMAN WILL BE FORWARDED WHEN WE RECEIVE IT. WE UNDERSTAND, HOWEVER, THAT THIS MEETING HAD NO QTE OUTCOME UNQTE.

SEIDMAN SIMPLY LISTENED TO CAFIERO'S PITCH, WHICH WAS
ESSENTIALLY THE SAME HE MADE IN STATE AND TREASURY. KISSINGER

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